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PROGRAM

JFMIP

REPORT ON
RESULTS AND
FUTURE PLANS
FOR IMPROVING
FINANCIAL
MANAGEMENT

JFMIP

June 2001



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Comptroller General of the
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A Message from the Chair of JFMIP Steering Committee



The government today is moving from balancing the budget to balancing fiscal risk. While current budget surpluses offer an opportunity to address today's needs and the many pent up demands held in abeyance during years of fighting deficits, they do not eliminate our obligation to prepare for the future. The question today is how to balance today's wants and needs against our nation's long-term challenges.

In deliberations involving fiscal policy, the Congress and other policymakers need timely, accurate, and useful financial information. This is the ultimate goal of federal financial management reform legislation such as the 1990 Chief Financial Officers (CFO) Act and the 1996 Federal Financial Management Improvement Act (FFMIA). Only by generating timely, accurate, and useful financial information on an ongoing basis can the government maximize its economy, efficiency, and effectiveness; assure adequate accountability to taxpayers; manage for results; and help decision-makers make timely and well-informed judgements.

Successfully meeting this challenge depends in large measure on overhauling government financial management systems, which will be a complex and difficult journey requiring significant time and wise investments. The CFO Act calls for the modernization of financial management systems, including the systematic measurement of performance, the development of cost information, and the integration of systems—program, budget, and financial. To help stimulate attention to this challenge, the FFMIA requires auditors performing financial audits to report whether agencies' financial management systems comply substantially with federal accounting standards, federal financial management systems requirements, and the government's standard general ledger at the transaction level.

The Joint Financial Management Improvement Program (JFMIP) continues to be a leader in supporting the modernization of government financial management systems to meet these expectations and other legislative financial management reforms. JFMIP's important efforts include:

- developing and updating financial management systems functional requirements,
- ensuring the quality of core financial system software packages,
- identifying best practices to support successful system implementation,
- developing core competencies for financial management human capital,
- fostering training opportunities that provide continuing professional development, and
- advancing the exchange of information among agencies on ways to improve financial management operations.

The JFMIP principals, steering committee, and staff are proud of the program's accomplishments and will remain at the forefront in helping to strengthen federal financial management systems and infrastructure.

Jeffrey C. Steinhoff
Chair, JFMIP Steering Committee

A Message from JFMIP Executive Director

I am pleased to present this Joint Financial Management Improvement Program (JFMIP) report that describes our progress and future plans for improving financial management. The report provides our mission and organization structure, and some financial information that can be useful in assessing our performance.

Many of our goals were key tasks identified in the *Federal Financial Management Status Report 2000*, which was issued by the Office of Management and Budget and prepared jointly with the Chief Financial Officers Council. Other goals represent major initiatives that must be completed if longer term goals are to be realized. Some of our most challenging goals for 2000 involved the incremental testing of FACTS II for core financial systems and the development of financial systems requirements.

During the past year, we launched a new website with more information to assist agencies in the successful implementation of financial systems. We also developed requirements for property systems and grant financial systems. We initiated a project to establish benefits system requirements, and we are working with the Procurement Executive Council to develop acquisition financial system requirements. We worked on developing a strategy to build a qualified workforce to successfully implement financial systems. We are partnering with government and private sector entities to ensure that these projects are done successfully. JFMIP is dependent on the federal financial management community to assist on our governmentwide projects, and we thank everyone who has worked cooperatively with us throughout the years.

The year 2000 marked the 50th anniversary of the statutory creation of JFMIP, and in this report we highlight a brief history of our past accomplishments. During the past decade, we have made some significant progress in financial management improvements, but we face greater challenges ahead. JFMIP will work on improving the qualification test for core financial systems, updating or developing financial systems requirements, as well as developing strategies to address governmentwide problems, such as intragovernmental transactions and eliminations. We will also continue to partner with federal agencies on human resource issues to have a well-qualified financial management workforce in the federal government. As demand for accurate and timely financial information increases, we must continue to improve agency financial systems to provide the information needed for better decision-making in the federal government.

Karen Cleary Alderman
Executive Director

JFMIP





Our Mission

The mission of the Joint Financial Management Improvement Program (JFMIP) is to improve financial management practices in the government through the joint and cooperative efforts of the U.S. Department of the Treasury (Treasury), the General Accounting Office (GAO), the Office of Management and Budget (OMB), the Office of Personnel Management (OPM), and all federal agencies. Since the passage of the Chief Financial Officers (CFO) Act in 1990, OMB, GAO, and Treasury have worked collaboratively with the CFO Council, which represents the interests of the federal agencies.

JFMIP's Mission

To improve financial management practices in the federal government through the cooperative efforts of OMB, GAO, Treasury, OPM, and the federal agencies.

Financial management systems that support federal accounting needs are one of the key pillars for achieving the improvement in financial management envisioned by the CFO Act. Enactment of the FFMIA created the structure needed to crystallize this vision – the implementation of federal accounting standards, compliance with uniform functional requirements for financial systems, and compliance with data requirements for transaction recording. JFMIP is working with our partners to bring about the changes needed to ensure that federal agencies have the tools for building financial systems that can deliver the complete, consistent, reliable, and timely financial information that is crucial to decision-making processes.

As an agent of change, the JFMIP coordinates the development of and publishes functional requirements for financial management systems. In addition, JFMIP is solely responsible for the independent testing and certification of commercial off-the-shelf core financial system software. Finally, the JFMIP acts as a catalyst and clearinghouse for sharing and disseminating information about good financial management techniques and practices.

Our Organizational Structure



Leadership and program guidance for the JFMIP is provided through the joint efforts of four Principals:

- Comptroller General of the United States
- Secretary of the Treasury
- Director, Office of Management and Budget
- Director, Office of Personnel Management.

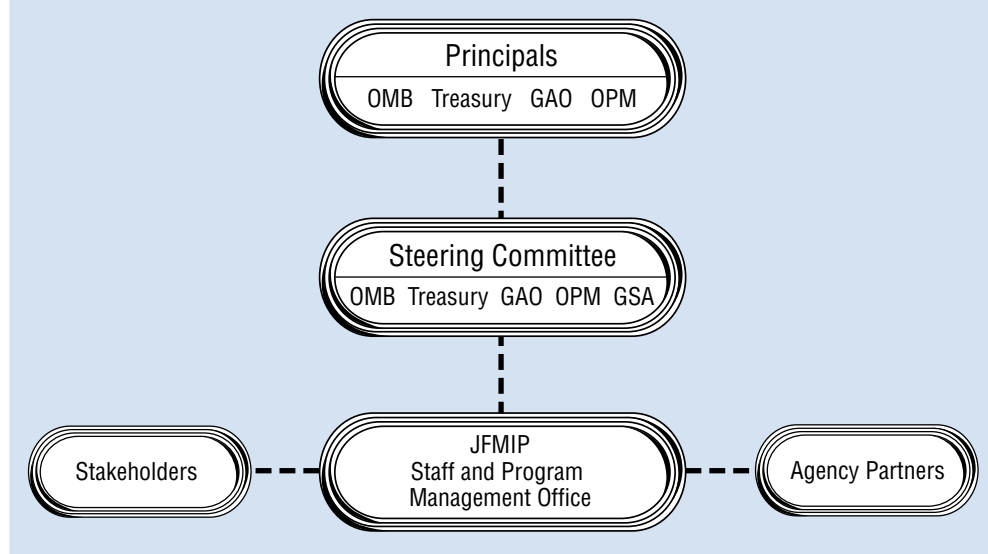
The general direction of the JFMIP is determined by the JFMIP Steering Committee, which meets monthly to oversee projects and activities. This committee includes a representative designated by each Principal, the Executive Director of the JFMIP, and a representative of a program agency. The General Services Administration continues to serve as the program agency representative.

Directly reporting to the Executive Director is a small professional staff who carries out the operational activities of the JFMIP. The JFMIP staff works on testing and qualifying commercial software products, developing functional requirements for financial systems, disseminating information on financial management practices, and working on human resource issues.

The JFMIP has provided developmental opportunities for federal employees with an interest in improving the federal government's financial management systems and practices. These developmental assignments may be as short as 30 days or longer than a year. During the past fiscal year, JFMIP hosted two CFO Fellows, a participant from the Defense Leadership and Management Program, a Presidential Potential Program participant, and five participants from the Executive Leadership Program (formerly the Women's Executive Leadership Program).

The success of JFMIP sponsored activities depends greatly upon our partnerships with the federal financial management community. In fact, the project teams which draft the JFMIP requirements documents are typically led by representatives of major stakeholders. The quality and success of the products reflect the talent and dedication of these agency representatives.

Figure 1 - JFMIP Organization Chart





Our Past: A Brief History of JFMIP

In 1948, the General Accounting Office, the Department of the Treasury, and the Bureau of the Budget¹ began a cooperative effort with the federal agencies to increase the effectiveness and efficiency of federal financial systems and to coordinate the interrelated financial activities and responsibilities of the central agencies. On January 6, 1949, the three central agency heads signed a formal agreement that set forth the policies, objectives, and work areas for this cooperative effort that was commonly referred to as the Joint Program. The principles and objectives of the Joint Program were embodied in statute with the passage of the Budget and Accounting Procedures Act of 1950.

Known originally as the Joint Program for Improving Accounting in the Federal Government, early efforts were concentrated on achieving improvements in accounting operations. In the late 1940's, significant complexity and the generation of masses of "red tape" characterized agency financial management systems. Directions to the federal agencies from the central oversight bodies frequently resulted in

conflicting requirements or duplication of agency efforts. When the need for better financial management systems that generated timely and useful information became obvious, the Joint Program played a pivotal role in resolving these basic problems and bringing about a realignment of oversight responsibilities.

In December 1959, the Program was redesignated as the Joint Financial Management Improvement Program. Recognizing the importance of human

resources and their role in the financial systems equation, the Civil Service Commission² was invited to join the JFMIP principals in 1966. The addition of the government's top personnel officer brought leadership and focus to personnel matters involving recruitment, training, and classification standards related to financial management.

Throughout the years, JFMIP has been involved in many studies covering a wide range of topics. These included: procurement, payment, and audit of common carrier accounts for freight and transportation services; claims settlement activities; letters of credit for financing purposes; cash management; internal controls over

Former JFMIP Steering Committee members at 2000 Conference:

Left to right

Jimmie Brown (OMB); Gene Dodaro (GAO), Woody Jackson (OMB), Harold Steinberg (OMB), Thomas Simon (OPM), John Carson (Department of Agriculture), Gerald Murphy (Treasury), Larry Wilson (USDA), Karen Alderman (current JFMIP Executive Director), and Alvin Tucker (Department of Defense)



¹ Currently the Office of Management and Budget

² Currently the Office of Personnel Management

payment activities; use of electronic transfer of information for interagency billings and collections; single audit guidelines for financial reviews of federal grantees, contractors, state and local governments; and streamlining of government travel regulations.

In January 1988, JFMIP published the first in its series of federal financial management system requirements – the *Core Financial System Requirements*. Subsequent to this document, other subsidiary system requirements were issued.

In addition to improved financial management systems, the importance of the human resources was also recognized as an essential cornerstone of the management of the federal government. The establishment of core competencies for individuals who work in federal financial management was identified as a prerequisite to enhancing the development of human resources. Since 1990, JFMIP, with the collaboration of agency teams, issued core competency documents covering accountants, budget analysts, financial managers, financial system analysts, management analysts and financial specialists, and information technology personnel implementing financial management systems.

As part of our communication and outreach strategy, JFMIP disseminates information on financial management policies and practices, and encourages agencies to share their “best practices”. JFMIP has adopted the Internet as a major information-sharing platform. We have sponsored an annual financial management conference for almost 3 decades. JFMIP also issues quarterly newsletters that highlight the latest financial management issues, policies and practices.



Our Present: Accomplishments in 2000

Financial Systems

Financial systems improvement has been a priority within the federal financial management community for several years. The Federal Financial Management Report 2000, identifies financial performance as one of the areas for improvement. One of the goals in this area is developing financial management systems that provide timely, usable, and reliable financial information to increase accountability and improve program management.

GOAL: Develop or update systems requirements for financial feeder systems.

JFMIP published updated systems requirements for seized property and forfeited asset system and guaranteed loans. Grant financial systems requirements were issued for the first time, and an exposure draft on property systems requirements was published. Work was initiated on benefit system requirements.

Improved financial performance requires quality financial systems. These systems must be capable of supporting effective decision-making and ensuring accountability. In concert with our stakeholders and the CFO Council's Financial Systems Committee (FSC), JFMIP focused its 2000 activities around three basic themes:

- functional requirements for financial systems
- software qualification testing
- information sharing.

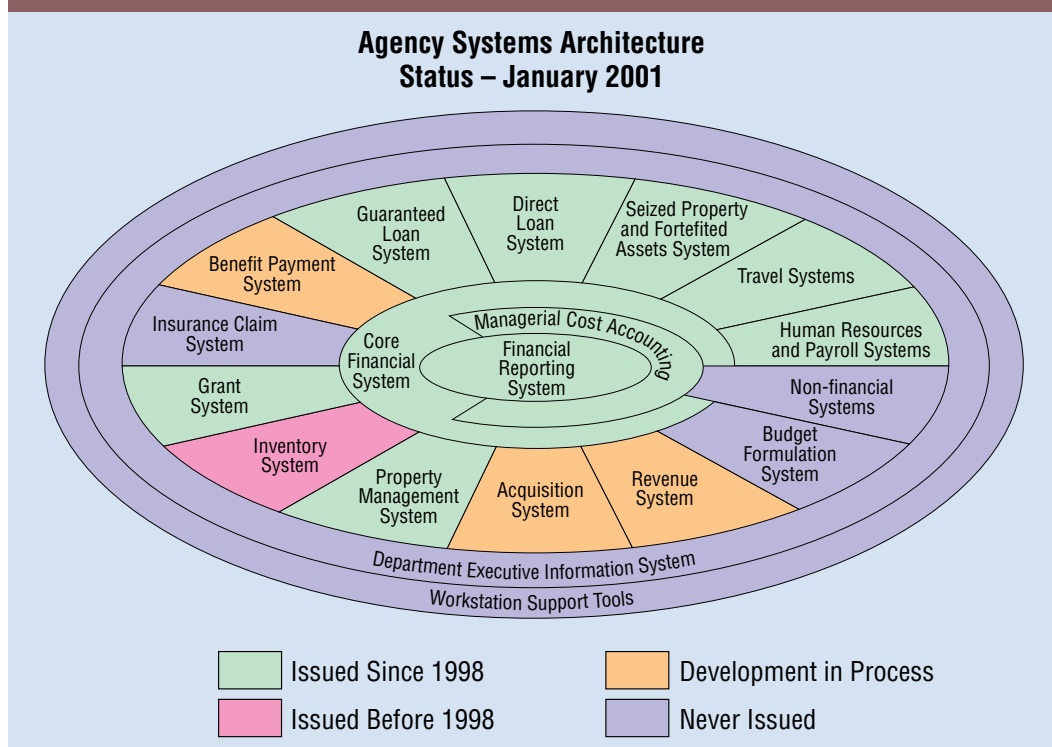
■ Functional Requirements

The establishment of governmentwide systems requirements is a critical factor for achieving the desired improvement in financial systems and financial information. Such requirements provide a basis for agencies and vendors to develop, evaluate, and imple-

ment systems that support federal agency financial management. Therefore, these requirements have significant governmentwide impact on federal financial management. Moreover, the implementation of the requirements that are relevant to an agency is one of the conditions that must be met before substantial compliance with the Federal Financial Management Improvement Act can be achieved. The establishment of these common requirements will ensure that standards are met, that system development time and cost are reduced, and that the market for federal financial system software is organized.

JFMIP system requirements are established through a rigorous process and represent governmentwide consensus of must-have functionality. They serve as a basis for gap analysis and help justify agency system improvements or replacements. These requirements also help organize the private sector market by communicating mandatory functionality that commercial software must be able to provide to federal agencies, as well as identify value-added features.

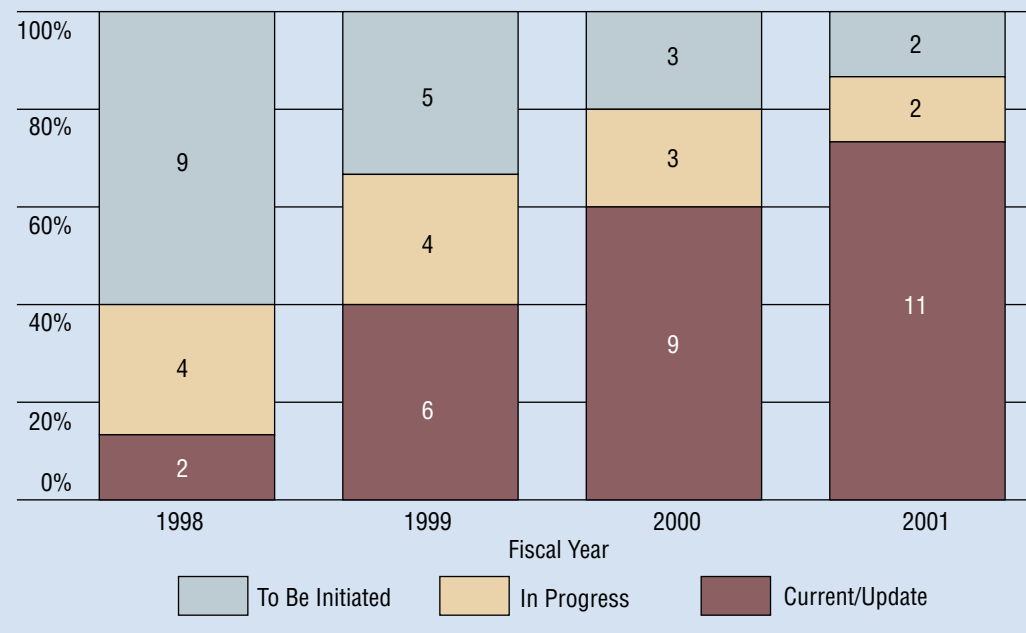
The JFMIP *Framework for Federal Financial Systems*, issued in 1995, identified 15 components of a financial management system. The components included the core financial system (inclusive of a financial reporting system), the managerial cost accounting system, and 13 subsidiary financial systems. Although documents outlining system requirements were issued for several of the components prior to 1998, all but the Inventory System Requirements were out of date. In 1998, the JFMIP began an intensive effort to update existing documents and to develop new requirement documents for the remaining 14 subsidiary financial systems.

Figure 2 - Status of update of system requirements as of January 2001

There has been efficient and steady progress in updating and developing system requirements documents. In 1999, JFMIP published updated system requirements for core financial systems, human resources and payroll, travel, and direct loans. During 2000, the JFMIP continued to make significant progress on both updating and developing new systems requirement documents. Two system requirement documents were updated—the *Seized Property & Forfeited Assets System Requirements* document issued in December 1999, and the *Guaranteed Loan System Requirements* in March 2000. In June 2000, the JFMIP issued for the first time the *Grant Financial System Requirements* document. These publications resulted in requirement documents being in place for 60 percent of financial system components—a notable achievement from less than 20 percent in 1998.

Additionally, the JFMIP worked on developing property system requirements and issued two exposure drafts. This led to the issuance of the final document for Property System Requirements at the beginning of fiscal year 2001. Work was initiated for the development of a “never-issued” requirement document pertaining to benefit financial systems. Preliminary work to initiate a project on acquisition system requirements included meetings with the Procurement Executive Council and procurement community on the purpose and scope of the project. However, resource constraints prevented work on the acquisition and non-tax revenue systems requirements until early 2001.

The JFMIP plans to initiate the remaining two system requirements that have never been developed by the end of 2001. JFMIP also expects to update the *Framework*

Figure 3 - Status of requirement documents as of September 30 of each referenced year

for *Federal Financial Systems* document to reflect changes from OMB Circulars and to revise the *Core Financial System Requirements* document to support upcoming software qualification testing.

■ Software Qualification Testing

The CFO Council and the JFMIP partnered to reengineer the Core Financial Systems testing, qualification, and procurement processes in 1999 to address long standing deficiencies in the previously existing process. After implementing an open testing process, the JFMIP established a working partnership with the software industry. The communication flow that results from such partnerships is essential to improving the availability of services and off-the-shelf software that satisfy federal requirements.

A significant result of JFMIP testing and qualification activities is that they drive the vendor market to develop off-the-shelf applications to meet mandatory requirements for financial management systems.

As of October 1, 1999, there were four core financial system software packages that successfully completed the test. During fiscal year 2000, JFMIP qualified five financial system software packages resulting in a total of nine certified vendor software packages that successfully passed the core financial system test.

Certification means that the software has passed the JFMIP qualification test, which verifies compliance with *JFMIP Core Financial System Requirements*, as tested. This test certification does not mean that agencies installing qualified software packages

GOAL: Conduct testing to ensure that federal financial management requirements and vendor software offerings are aligned.

JFMIP reviewed requirements and updated the qualification test for core financial management systems software. The incremental test for FACTS II requirement was developed and executed.

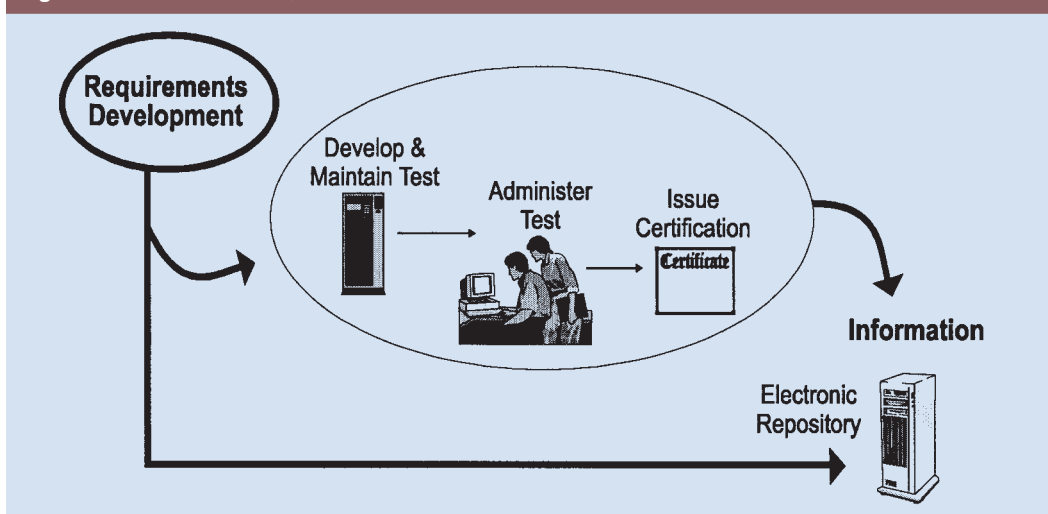
for their financial systems are in “de facto” compliance with the Federal Financial Management Improvement Act requirements.

Additionally, the JFMIP designed, developed and executed an incremental test of previously qualified software for core financial management systems to keep pace with changing requirements. This process included reviewing the FACTS II reporting requirements and determining the functionality needed in the core software to accommodate those reporting requirements. FACTS II reporting replaces SF-133 reporting on budget execution, portions of the Program and Financial Schedule required by OMB, and year-end reporting required by Treasury’s Financial Management Service on the SF-2108 report. The incremental testing also included developing test cases for certain requirements that were not incorporated into the initial core testing process. The Software Qualification Test Application as well as the Test Policy and Procedures were also updated to reflect incremental testing requirements. The JFMIP sponsored an open house and several information sessions for software vendors and agency officials to describe the incremental test process and to discuss the test itself. This process spanned almost a year.

In addition, in coordination with the Treasury’s Financial Management Service, the JFMIP was instrumental in the establishment of a test environment for vendors to use when developing software changes. JFMIP’s incremental test benefited the government by:

- Assisting Treasury in fine-tuning and debugging the processing rules within the FACTS II system.
- Leveraging the use of government resources by having subject matter expertise work on changes so program agencies would not have to consume their own resources.
- Providing agencies with a tool for assessing current system capabilities related to FACTS II reporting.
- Reducing agency costs since a standard solution helped to reduce direct costs from vendors.

Figure 4 - The Software Qualification Test Process



Qualified Vendor Software Packages - September 30, 2000

American Management Systems, Momentum, Version 3.5.2

American Management Systems, FFS, Version 5.6

Digital Systems Group, IFMIS, Version 5.1.6

Oracle, U.S. Federal Financials, Release 11i

Orion Microsystems, GLOWS, Version 5

PeopleSoft, Financials for Education and Government, Version 7.5

REL-TEK, Core Financial System, Version 2

REL-TEK,³ Federal Financial Assistant, Version 3.01

SAP, R/3, Version ISPS US2

³ REL-TEK bought ICF Technology on November 27, 2000.

■ Information Sharing

The JFMIP remains committed to effectively communicating relevant financial systems information and heightening the dialogue among various stakeholders. To this end, the JFMIP continued to make inroads into providing timely and easily accessible information that is useful to both the public and private sector through the World Wide Web. The Knowledgebase, which is maintained by the Program Management Office within the JFMIP, continues to be an effective vehicle to communicate information regarding current Core Financial Systems Requirements and the Financial Systems Software Qualification Test Process. This information may be viewed onscreen or downloaded by agencies and vendors to assist in the development and implementation of software systems that will meet federal financial management system requirements.

GOAL: Leverage information sharing through electronic repository for financial management software and related information. Develop Roadmap for federal financial systems.

JFMIP is maintaining a web-based electronic repository, known as Knowledgebase that is open for public use and contains information on system requirements and core financial system testing process. The Road Map was posted on the website on October 1, 2000.

Due to efforts in 2000, new capabilities were added to the Knowledgebase including, a JFMIP Home page, search ability, and the addition of a resource library commonly referred as the “Financial Systems Road Map” (Road Map). The Financial Systems Committee of the U.S. Chief Financial Officers Council and the JFMIP chartered the Road Map in response to federal agency needs for more help given the cost and complexity associated with new system implementations. The Road Map contains information on a variety of interrelated topics including the capital planning investment process, market evaluation and research, system selection, emerging requirements, software development, inventory information on systems’ software and technical environments, software and vendor performance, best practices, lessons learned, project planning, and human resource issues.

The Road Map provides a web-based library to directly support those implementing financial management systems. It provides practical and current information and tools that can be immediately applied throughout the system

Figure 5



lifecycle—planning, selection, implementation and operations. As part of the JFMIP Knowledgebase, the Road Map is located on the JFMIP website, www.jfmip.gov/jfmip/roadmap.htm. Agencies may download commonly used documents, templates, methodologies, and forms. This allows agencies to benefit from the experience of other agencies and saves time and costs of reinventing the wheel in each agency.

Human Resources

The JFMIP has long recognized that human resources are one of the most important assets of the federal government. It is unlikely that successful implementation of agency missions can be accomplished without the support of a high quality federal financial management work force. The Human Resources Committee (HRC) was established by the CFO Council to assist in the development of such a work force. Through its participation on this Committee and the sponsorship of a variety of education and outreach activities, the JFMIP supports investing in human capital.

■ Education and Outreach

For three decades, JFMIP has been sponsoring an annual conference that features the leading experts on current topics and challenges confronting financial managers in the federal government. This 1-day conference usually features key officials from both the government and the private sector. The topics presented are diverse and include areas such as human capital investment, financial system implementation, government auditing, and information technology issues. The Conference has grown in attendance to close to 900 attendees in recent years. Many financial managers, auditors and accountants have become regular attendees to ensure that they keep abreast of new developments and “best practices” in the financial management arena. JFMIP again hosted an annual 1-day conference to convey the most recent information on major federal financial management issues on March 14, 2000. Keynote speakers at this 30th Annual Financial Management Conference included John Puckett, Chief Information Officer, toysmart.com; the Comptroller General of the United States David Walker; and Sally Katzen, Counselor to the Director, Office of Management and Budget.

GOAL: Recognize and promote excellence in financial management.

On March 14, 2000, JFMIP hosted its annual financial management conference. During the conference, Scantlebury Awards for excellence in financial management were presented to Jorge E. Aponte, Puerto Rico; N. Anthony Calhoun, Pension Benefit Guaranty Corporation; and Frank W. Sullivan, Department of Veterans Affairs. On March 13, 2001, the recipients of the Scantlebury Awards were Lawrence F. Alwin, Texas, and Kenneth M. Bresnahan, Department of Labor.

One of the highlights of the JFMIP annual conference is the presentation of the Scantlebury Awards. These awards were created to recognize distinguished leaders who have made significant contributions to the improvement of financial manage-



ment in the public sector. The financial management improvement awards were designated as the Donald L. Scantlebury Memorial Award in 1982, in honor of the former Chief Accountant of the U.S. General Accounting Office. Mr. Scantlebury left a legacy of improved financial management practices in the federal government. Although the awards originally recognized only federal government senior officials, JFMIP began honoring State and local government senior officials in the mid-1980s. On March 14, 2000, the Scantlebury Awards were presented to Jorge E. Aponte, Director, Office of Management and Budget, Puerto Rico; N. Anthony Calhoun, Deputy Executive Director and the Chief Financial Officer of the Pension Benefit Guaranty Corporation; and Frank W. Sullivan, Deputy Assistant Secretary for Finance, Department of Veterans Affairs.

On March 13, 2001, JFMIP held its 30th Annual Financial Management Conference on *New Horizons for Financial Management*. Keynote speakers were Whitfield Diffie, Sun Microsystems; Gopal Kapur, President, Center for Project Management; and Comptroller General David Walker. Six panel sessions in financial management, systems, e-government, information integration, auditing, and human resources provided a lively discussion of the latest issues.

The Scantlebury Memorial Award recipients were Lawrence F. Alwin, State Auditor of Texas; and Kenneth M. Bresnahan, formerly Chief Financial Officer, Department of Labor, in recognition of their outstanding leadership in bringing about auditing and financial management improvements.

For the past several decades, the JFMIP has also sponsored many intergovernmental conferences, forums, workshops and meetings to promote better financial management practices and policies. JFMIP has worked cooperatively with interagency councils and professional organizations to ensure that the financial management workforce receives quality training and is aware of the latest financial management issues. JFMIP will continue to work with our partners in the federal financial management community to present educational and informational events that promote excellence in financial management.

The *JFMIP News* is another important element of our outreach strategy. Since 1972, JFMIP has issued a printed newsletter highlighting the latest financial management issues. Regular features include the Executive Director's "Joint Perspective," a "Profile" of a top financial manager, and updates from the Federal Accounting Standards Advisory Board and the CFO Council. The *JFMIP News* is available electronically at our website, www.jfmip.gov.

JFMIP has partnered with the CFO Council, other interagency councils, Private Sector Council, and other organizations to work cooperatively on many projects and activities to improve federal financial management policies and practices.

■ Core Competency Documents

Since 1995, JFMIP working with the CFO Council's Human Resources Committee (HRC), has concentrated on a well-defined set of core competencies for financial management personnel. A Core Competencies Review Board was established in 1998 to maintain an up-to-date list of core competency documents that articulate the knowledge, skill, and abilities that are critical to the successful performance of financial management personnel. During the past year, we worked in conjunction with the CFO Council Financial System Committee and HRC to establish core competencies for project managers implementing financial systems in the federal government. In addition, the Department of Labor and the CFO HRC tied training courses to core competencies for federal financial management personnel. This information was posted on the Federal Learning Exchange (www.flx.gov).

The JFMIP, working cooperatively with the CFO Council's Financial Systems Committee and the HRC, began a project to develop strategies to improve the recruitment, retention and training of the federal financial workforce working on system implementation. The project team will continue to work with various organizations to follow up on various recommendations.

■ Developmental Assignments

Current statistics reveal that more than 70% of the federal agencies plan to implement new financial systems within the next 5 years. A history of implementation delays and cost overruns tells us that the availability of skilled personnel is a critical factor for a successful implementation. Other statistics tell us that the number of financial personnel with skill in the implementation of financial systems is very limited. The developmental opportunities provided by JFMIP play an important role in expanding the competencies of current and future financial professionals.

GOAL: Assist in recruiting and retaining qualified financial management personnel in the federal government.

JFMIP had issued seven core competency documents.

In 2000, an exposure draft of core competencies for project managers implementing financial systems was issued. This document identifies the knowledge, skill, and abilities required for successful performance of these project managers.

GOAL: Partner with federal programs to provide developmental opportunities for current or future federal employees.

During the past year, JFMIP hosted CFO Fellows, a participant from the Defense Leadership and Management Program, and the Executive Potential Program, as well as participants from the Executive Leadership Program. Each participant was given responsibilities that were consistent with individual developmental objectives.



In 2000, JFMIP hosted two CFO Fellows, who were involved in the development or the administration of the qualification testing process, and the development of financial system requirements. We also hosted a participant from the Defense Leadership and Management Program, who served as the project manager for the development of Property System Requirements, and a participant from the Executive Potential Program, who worked on human resources strategy project. Several participants from the Executive Leadership Program had developmental assignments with JFMIP. While the individuals were with us for limited time periods, each was able to gain valuable experience in an area specific to individual developmental objectives.

The individuals who performed developmental details at JFMIP during 2000 are identified below.

Developmental Assignments at JFMIP during FY 2000

Patricia Clark-Duncan	CFO Fellow
William Foster	Executive Potential Program
Evelyn Gaites	Executive Leadership Program
Susan Kaufman	Executive Leadership Program
Carla Kohler	CFO Fellow
Irene Lucas	Executive Leadership Program
Dorothy Sugiyama	Defense Leadership and Management Program
Beverly Sylvia-Brooks	Executive Leadership Program
Janice Travis	Executive Leadership Program

Our Future: 2001 and Beyond



The next 2 years will be busy ones for **software qualification testing**. During fiscal year 2001, JFMIP will retest software packages that did not pass the incremental test on the first attempt, and we will conduct an incremental test on the most recently qualified package. Incremental test results as well as more information on value added features and software functional descriptions will be reflected on the JFMIP website.

Most of the current certificates of compliance will expire on September 30, 2002. Thus, we will begin the process of updating the qualification test during the coming fiscal year. This process begins with the revision of the *Core Financial System Requirements*. At the request of federal agencies, a number of new requirements may be added or moved from value-added to mandatory. Changes in central agency requirements will also be incorporated. An exposure draft will be issued for comment and the Core Financial System Requirements will be reissued. After the updated requirements are in place, the existing qualification test and other test information will be reviewed, and efforts to redevelop the software qualification test will begin. Our goals are to complete the updating of the qualification test by April 2002 and to begin the requalification testing process in May 2002.

Our efforts to develop and update **system requirements documents** will continue. In the upcoming year, we expect to publish documents for Benefit System Requirements, Acquisition System Requirements, and Non-tax Revenue System Requirements. We also plan to initiate projects for updating the Financial System Framework document and to develop documents for budget formulation and insurance claims system requirements. This would complete the development of the last two system requirements in the agency system architecture (Figure 1). Our goal is to initiate projects for financial system requirements for all subsidiary systems by the end of 2001.

JFMIP will continue to maintain the Knowledgebase as a cornerstone of our **information sharing** activities. This electronic repository is an important tool for JFMIP to communicate system requirements, details on test materials and results, and agency plans to purchase new systems. We also plan to present the Road Map as a reference library to facilitate the successful implementation of financial systems in government agencies. These efforts are intended to leverage system improvement efforts throughout the federal community and to reduce the overall cost of these improvements.

We will continue to support key elements of our education and outreach strategy with our annual conference and other communication vehicles in the coming years. We will recognize excellence in financial management improvement in the public sector through our awards process, and we will host participants from various developmental programs, such as CFO Fellows, Executive Leadership Program, Executive Potential Program, and other interns. Through these efforts, we will contribute to the development of high quality **human resources** within the federal government. In addition, the JFMIP will continue to work with the CFO Council Human Resources Committee to improve the recruitment, retention and training of financial management personnel.

JFMIP has always been involved with projects to streamline government processes or regulations. A new project that will be initiated during the next fiscal year and will address issues that impact the processing, recording, elimination, and reporting of **intragovernmental transactions**. At present, there are disparate business practices and widely divergent data structures among federal agencies. The result is the occurrence of significant transaction differences that must be reconciled to ensure that the financial transactions of the federal government have been correctly captured and stated. The inability to identify and reconcile intragovernmental transactions has been a problem for several years and has been cited as a material weakness governmentwide. The inability to reconcile leads to the inability to correctly eliminate intragovernmental transactions, which is a factor in the disclaimer of opinion on the U.S. Financial Statements. The goal of this JFMIP project is to develop recommendations and actions that, if implemented, will reduce the scope of the differences produced by intragovernmental transactions. Significant emphasis will be given to reengineering of business practices and standardization of processes.

Our Financial Highlights

There is no direct appropriation to fund the activities of the JFMIP staff offices. The General Services Administration provided administrative support services during the past fiscal year. While we do not maintain our own financial management system, we do carefully monitor the flow of resources that are entrusted to us. The figures displayed in this report are based upon budgetary flows, which are not audited. Since these resources are part of the Working Capital Fund of the GSA, they are included in the audited financial report of GSA.

Sources of Funds

Resources for the activities of the PMO are funded by contributions from the 24 major agencies and departments that are frequently referred to as the CFO agencies. JFMIP received contributions of \$1,420K for Fiscal Year 2000 activities incurred. Funding for other JFMIP activities are provided through a memorandum of agreement among the four principals and the designated program agency. The agreement for fiscal year 2000 provided \$571K in funding.

JFMIP also realizes unfunded resources from two additional sources. The first encompasses a variety of developmental opportunities that are provided, and the associated resource flows are included in the graphical displays. These unfunded resources totaled \$213K in fiscal year 2000. The time and effort expended by agency representatives that participate in our various projects represent additional unfunded resources for JFMIP activities. The resource inflows and outflows associated with these efforts are not reflected in our financial data.

Uses of Funds

Total costs incurred for all JFMIP activities in the past year were about \$2.2 million. The major categories of spending for mission activities are consistent with our goals. The assignment of costs to these activities is based upon management's assessment of input from project managers and the use of a reasonable allocation methodology.

General administrative costs have been distributed to the primary mission activities, and the costs associated with the efforts from developmental details are based upon comparable contractor rates.

The cost for developing and issuing *requirements documents* were \$687K. These costs include the salaries and expenses for personnel assigned to JFMIP as well as the costs for publishing and distributing the final documents. The development and publication of requirements documents represented about 31% of our total costs.



Figure 6 - Sources of Funds

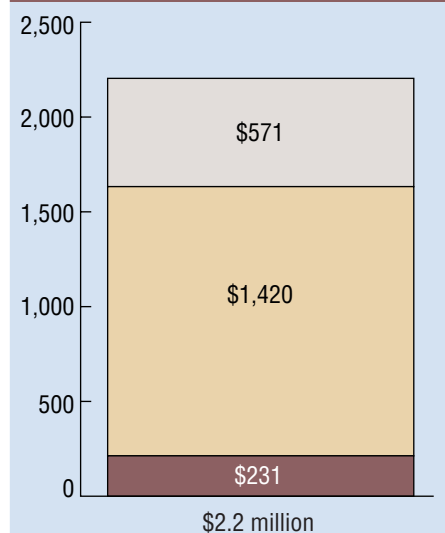
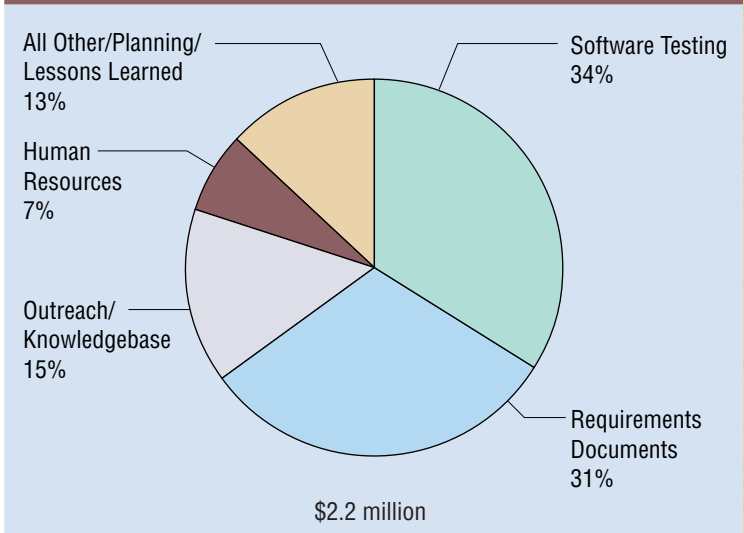


Figure 7 - Uses of Fund





Software testing costs comprise approximately 34% of total costs or \$760K. This figure includes costs incurred for the development of the test materials as well as the administration of the individual software qualification and incremental tests.

The cost for *information sharing* activities in fiscal year 2000 was \$323K or 15% of our total costs. The activities included in this category are development of a new JFMIP website and the Road Map project, maintenance of the Knowledgebase, the issuance of the JFMIP newsletters, and hosting of our annual conference.

Seven percent of our funds, \$143K, were directed towards the issuance of core competency documents and related endeavors that are designed to promote improvements in the management of *human resources*. The costs of other miscellaneous activities, such as CFO Council projects and lessons learned, represented 13% of our total costs or \$290K.

Appendix A

JFMIP Accomplishments in 2000



Update and Issue System Requirements Documents

- Seized Property and Forfeited Assets ✓
- Guaranteed Loan ✓
- Grant Financial ✓
- Exposure Drafts of Property Management ✓

Conduct Qualification Testing Process for Core Financial

- Evaluate results for Certificates of Qualification for five software packages ✓

Conduct Incremental Qualification Testing

- Revise test policy to include test specifications ✓
- Prepare FACTS II Test ✓
- Prepare additional test materials ✓
- Execute and conduct test results ✓

Disseminate Information on Testing

- Post Test Matrix on website ✓
- Qualified Software List and Supplemental Information ✓
- Agency Procurement Plans and other Market Information ✓

Knowledge Management

- Develop jfmip.gov ✓
- Develop Financial System Road Map ✓

Sponsor Annual JFMIP Conference ✓

Host Developmental Assignments ✓

Work on core competency document

- Issue exposure draft for project managers implementing financial systems ✓



Appendix B

JFMIP Future Plans

Update and Issue System Requirements Documents

- Property Management
- Benefits
- Acquisition
- Core Financial

Conduct Qualification Testing Process for Core Financial

- Revise test with updated requirements
- Revise test policy to include test specifications
- Prepare additional test materials
- Execute and conduct test results

Disseminate Information on Testing

- Post test matrix on website
- Qualified software list and supplemental information
- Agency procurement plans and other market information

Knowledge Management

- Maintain jfmip.gov
- Maintain Financial System Road Map

Intragovernmental Transactions

- Recommend actions that can reduce scope of differences
- Provide integration of ongoing initiatives

Sponsor Annual JFMIP Conference

Host Developmental Assignments

Improve the recruitment, retention and training of financial management personnel

Requests for JFMIP Publications

JFMIP documents may be accessed electronically on our website,
<http://www.jfmip.gov>

The JFMIP uses the General Accounting Office, Document Distribution Center to fill publication requests that are made after the mail list distribution. The first copy of each publication is free. Additional copies are \$2 each. Orders for 100 or more copies to be mailed to a single address are discounted 25%. Orders should be sent to the following address accompanied by check or money order made out to the Superintendent of Documents, when necessary.

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